MINUTES OF FIRST MEETING OF THE
USDA COLD STORAGE INDUSTRY ADVISORY COMMITTEE
Held on June 14 and 15, 1954, at
U. S. Department of Agriculture
Washington, D. C.

USDA Representatives Present:

Washington:

James A. McConnell
Walter C. Berger
Preston Richards
John H. Dean
M. J. Hudtloff
B. S. Soleau

Cincinnati:

Harley E. Banks
C. R. Rodwell

Members Present:

Gilbert J. Stecker
Harry C. Herschman
W. F. Henningsen, Sr.
Clyde E. Simmon
Herbert Farnsworth
John E. Moore
J. R. Shoemaker
M. W. Young
W. A. Kopke
Charles E. Eells

Members Not Present:

E. G. Erickson
Fred F. Alford
H. C. Diehl
J. K. Robinson

At the opening of this session an address was made by Mr. James A. McConnell, Administrator of the Commodity Stabilization Service, U. S. Department of Agriculture, and remarks were made by Mr. Preston Richards, Deputy Administrator, Price Support, and Mr. John H. Dean, Assistant Deputy Administrator, Price Support.

A general historical background was given on CCC bonding requirements. This covered the period from World War II to the present date. During this period CCC requirements were:

A. Bond in the discretion of the Director of the field office.

B. Bond in the amount of 20 percent of the estimated value of the commodities to be stored, with a minimum bond of $10,000, and a maximum bond of $200,000 for dry and cold warehousemen, and $300,000 for bulk oil warehousemen. Mandatory requirement.

C. The present policy of a bond in the amount of 5 percent of the estimated value of the commodities to be stored, with a $5,000 minimum and a $100,000 maximum. Mandatory requirement.

Following this background information, a discussion was had as to the need on the part of CCC for a performance bond. It was explained that the bonding policy is established by the Board of Directors of CCC for all types of commodities, and this policy requires all warehousemen storing CCC-owned and loan commodities to furnish performance bonds. No change in this requirement is under consideration.

The next topic of discussion was the method of reimbursement to warehousemen for bond premium costs. Brief background information was furnished with respect to the development of the OPS Regulations covering this bonding requirement. During the fall of 1952, when the mandatory bond requirement was inaugurated by CCC, permission was granted by the Office of Price Stabilization for warehousemen to increase their ceiling on storage and handling rates to permit the warehousemen to recoup their bond premium costs from CCC. It was the policy of OPS and CCC to require warehousemen to include the bond cost in the storage and/or handling rates rather than having this bond cost set out as a separate item in the contract. OPS Regulations covering this matter required warehousemen to make application to the Washington OPS office for the higher ceiling. Notwithstanding this regulation, the OPS area offices processed warehousemen's requests for increased ceilings. The increases thus authorized were not uniform as to their provisions. This occasioned a situation where a warehouseman in Minnesota would operate under one authorization for an increased ceiling and a warehouseman in Kansas City or Chicago would operate under still another.

This posed a difficult administrative problem for CCC. This problem was presented to the Advisory Committee for advice and counsel as to a proper solution. After much discussion on the various possibilities of a solution and after giving consideration to a new method for future reimbursement to warehousemen for bond premium costs, it was the consensus of the Committee that at some future date CCC should announce a new policy with respect to reimbursement of bond premium costs to warehousemen which would enable warehousemen to present to CCC a bill for bond premium costs. Such billing would be apart and aside from the rates covering storage and handling and other services in the contract. It was further suggested by the Committee that, at the time of the announcement of this new policy relative to warehousemen's bond premium costs, CCC sit down with those warehousemen where administrative problems were occasioned by the differences in OPS Regulations and work out a solution on bond premium costs which would be mutually agreeable. Briefly stated, the Committee's suggestions are:

A. That CCC adopt a new policy whereby bond premium payments would be made by CCC upon presentation to CCC by the warehouseman of a receipted bill therefor. Such billing to be separate and aside from other contractual charges.

   1. When a bond is reduced prior to expiration of premium year and a refund was made to the warehouseman, the warehouseman would accordingly reimburse CCC.

B. That the current cases in various sections of the country now existing be handled on an individual basis in an effort to arrive at the same equivalent result, namely, retroactive payment for bond premium aside and apart from storage charges.

C. Those warehousemen who had absorbed bond premium in the past would be permitted to absorb it if they so desired.

The next topic for discussion was the substitution of legal liability insurance for performance bond. After some background information and discussion on this topic, it developed that in most cases the substitution of legal liability insurance for performance bonds is impracticable because of restricted provisions in the insurance policy which do not afford the same broad coverage as that afforded by the performance bond. It appeared to be the feeling of the Committee that legal liability insurance as such was not a suitable substitution for performance bond.

The next topic was the discussion of the Warehouseman's Guidebook. After brief background information concerning the development of this book, the matter of its existence as a practical help to the warehouseman was presented to the Committee. As the discussion progressed, it

developed that a guidebook or some such book is helpful to the warehouseman insofar as it assists him procedurally in processing documents, such as notices to deliver, bills of lading, loss and damage reports, and vouchers for storage payments. Further discussion was had on the desirability of incorporating in this book general information relative to the proper storage of commodities along the lines dictated by good commercial practice. The unique position of the Government was recognized in that its commodities usually remained in storage a greater length of time than those placed in storage in accordance with usual commercial operations. It was agreed that recognition of the Government's position in this regard should be given in this guidebook and that to the extent that this is in conflict with generally accepted commercial practice, exceptions should be made. It was recognized that there are many small warehousemen who would find such information particularly beneficial, and that the presence of this book in the hands of such warehousemen early in contract negotiation stages would not only permit a warehouseman to more intelligently decide as to whether or not he desired a contract with CCC but would also aid CCC in determining borderline cases. Several members of the Committee felt that a title such as "Procedure Manual" would be a proper name for such a book.

As an illustration of the benefit that a guidebook as discussed above would have to warehousemen, it was suggested by a member of the Committee that the temperatures and humidities, etc., appearing in the storage agreement should be contained in this book so that the warehouseman's operating personnel would be afforded such information in handling and storing the Government commodities since the contract often remained in the office files.

Briefly stating the consensus of the Committee, it was as follows:

1. A guidebook in some form was considered desirable.

2. Such a book should contain documentation procedures. It should also contain a statement to the effect that, while good commercial practices were CCC's basic storage standards, there should be some elaboration on these commercial practices with respect to possible long-term storage.

3. That a repetition of some of the basic contract data should also be in the guidebook since operating personnel would have one document and office personnel would have the other.

The next topic of discussion was the Offer to Store, Form TW-102(Cold). Some discussion was had with respect to the title of the Form, namely, "Offer to Store." The Department indicated consideration would be given to a change of title, such as "Contract for Storage and Services."

Paragraph 2 was discussed and the Department indicated its willingness to delete this paragraph for the reason that it was no longer appropriate because Applications are not presently required as a part of the contractual arrangements.

Paragraph 3 - Discussion was had with respect to container description, temperatures and humidities, net and gross weight, the specific commodities to be listed, and the split of handling charges to "in" and "out". The Department agreed to appropriate modification of container description. It was the consensus of the Committee that temperatures and humidities should remain as a part of the storage contract. The Committee was unable to afford firm advice on net and gross because of the inconsistency of application within its own industry. The Department agreed to eliminating the split in handling charges which would conform more closely to the cold storage warehousemen's published tariffs.

Paragraph 8 - Considerable discussion was had on the provisions of this paragraph. It was pointed out by the Committee that overtime services for moving commodities in and out of the warehouse was a rare circumstance, and that it was the industry's practice in its published tariffs not to credit storers with the inbound and outbound handling charges paid with the first month's storage when making charges for overtime services. It was agreed by the Department that a future draft of this contract will eliminate this credit provision.

Paragraph 12 - It was agreed that this paragraph would be rephrased to read, "all commodities accepted by the warehouseman for storage shall be stored in accordance with good commercial practices." This eliminates that portion of this paragraph in which warehousemen undertook to store in accordance with instructions issued by the Government, such instructions not being a part of the contract.

Paragraph 16 - The Department indicated that this paragraph would be rewritten to clarify the question often raised as to when the Form TW-102(Cold) is an "offer" to store and when a "contract".

Some discussion was had on Paragraph 30, but the Committee agreed that it should remain as presently written.

The Department indicated that consideration was currently being given to a new draft of the storage agreement covering refrigerated commodities and that it is intended that such new draft would incorporate the revisions cited above.

The Department agreed that any revision of the Warehouseman's Guidebook would be submitted to Committee members for comments and consideration prior to publication.

The Department agreed that prior to the adoption of a new form of contract a draft of the revisions would be forwarded to members of the Committee for comments.

Other matters discussed included the following:

There was an offer made by members of the Committee to assist the CSS Commodity Offices in locating storage space in the areas in which the individual members are located when such space is required by the Government.

The policy of the Government in the allocation of commodities for storage was discussed. The background information included statements to the effect that at the time of acquisition it was seldom known what disposition would be made and for that reason in the past the Government had followed the principal of storing as close to origin as was possible, considering factors such as transportation, availability of space, storage rates, etc. However, with the volume of commodities currently being acquired, an ever-widening area of storage from point of origin of necessity is being employed. Considerable discussion resulted on this point, particularly with respect to storage in coastal areas. It was the consensus of the Committee that the Department, of course, must store its commodities in accordance with its program requirements and to its own best interests.

The Department stated that at a future meeting this subject would be gone into more thoroughly because of the tremendous quantities of commodities the Government is currently being required to store, and it is intended at this future meeting that statistics on areas of production and consumption will be made available by the Department which will assist the Committee in advising the Department relative to the current policy.

General discussions were had relative to the frequency of future Committee meetings, and it was the view of the Committee that the next meeting should be held during the third week of September, preference being expressed for Monday and Tuesday. The Department indicated that topics for discussion at the next meeting would be sent to Committee members at least three weeks in advance of the meeting date. It was suggested that the next Committee meeting be held in Cincinnati, Ohio, for two reasons, (1) that Cincinnati is more centrally located, and (2) that the CSS Commodity Office having responsibility for handling processed commodities is located in that city.

The Department announced that appropriate letters would be addressed to Committee members who were unable to attend this session of the Advisory Committee along with which will be forwarded the minutes and the book prepared for each member. It was agreed that Committee members would maintain the books afforded them for inclusion of all data pertaining to Committee operations so that they would at all times have in their possession a full set of such data.

It was suggested by the Department that all communications relative to the operations of this Committee be addressed to the Chairman as follows:

Mr. M. J. Hudtloff, Room 1096 South Agriculture Building,
Telephone Number: Republic 7-4142, Extension 4403.

In the event you are unable to contact the Chairman, you may address the Secretary of the Committee as follows:

Mr. B. S. Soleau, Room 1095, South Agriculture Building,
Telephone Number: Republic 7-4142, Extension 3664.

MINUTES OF SECOND MEETING OF THE
USDA COLD STORAGE INDUSTRY ADVISORY COMMITTEE
Held on September 23 and 24, 1954
at the
NETHERLAND PLAZA HOTEL
Cincinnati, Ohio

USDA Representatives Present:

Washington:

John H. Dean
M. J. Hudtloff
B. S. Soleau

Cincinnati:

Harley E. Banks
C. R. Rodwell
E. A. Levi

Members Present:

Gilbert J. Stecker
R. C. Herschman (Substituting for Harry C. Herschman)
W. F. Henningsen, Sr.
Clyde E. Simmon
Herbert Farnsworth
John E. Moore
J. R. Shoemaker
M. W. Young
W. A. Kopke
Joseph B. White (Substituting for Charles E. Eells)
E. C. Erickson
Fred F. Alford
H. C. Diehl

Members Not Present:

J. K. Robinson

The meeting was opened by Mr. M. J. Hudtloff, Chairman. Mr. Joseph B. White of the Manhattan Refrigerating Company of New York, who attended for Mr. Charles E. Eells of the same Company, and Mr. R. C. Herschman of the Terminal Warehouses of St. Joseph, Inc., South St. Joseph, Missouri, who attended for Mr. Harry C. Herschman of the same firm, were introduced and welcomed.

Mr. Hudtloff also welcomed three members who were not in attendance at the first meeting, namely, Mr. H. C. Diehl of the Refrigeration Research Foundation, Colorado Springs, Colorado; Mr. Fred F. Alford of the Alford Refrigerated Warehouses, Dallas, Texas; and Mr. E. G. Erickson of the Central Cold Storage Company, Chicago, Illinois.

Mr. Hudtloff then invited Mr. Harley E. Banks, Director of the Cincinnati CSS Commodity Office, to make some welcoming remarks. Mr. Banks outlined the general arrangements he had made for the convenience of the Committee members for this two-day meeting.

Mr. Hudtloff invited Mr. John H. Dean, Assistant Deputy Administrator for Price Support, to make a few opening comments. Mr. Dean restated the purposes of this Committee and cited the Committee's helpfulness in arriving at the best means in getting to the basis of some of our mutual problems. He requested comments on the format and composition of the minutes of the first meeting, and in reply the Committee unanimously agreed that the minutes were adequate and felt that they could not be further condensed and still give a comprehensive review of discussions of the items on the agenda for those who did not attend the meeting. The only comment for change was a suggestion concurred in by all that the future minutes should be broken down by subject matter for easier reference.

Mr. Dean stated that the principal purposes of this meeting were to give full and complete consideration to the terms and conditions of the proposed Contract for Storage and Services and the proposed Warehouseman's Manual, and he felt that, should this be accomplished during this two-day session, the main objectives of the meeting would be met.

Mr. Dean invited the Committee to present topics for inclusion in future agenda of meetings and he thanked the group in general for the splendid cooperation they have demonstrated in Committee activities.

Mr. Dean further stated that there would be a discussion at this meeting of the provisions of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480, 83rd Congress, 2nd Session) and the 1954 Agriculture Act, particularly in reference to their relation to dairy commodities stored for CCC by refrigerated warehousemen, that is, butter and cheese.

READING OF MINUTES OF THE LAST MEETING

By unanimous consent the Committee approved the minutes of the last meeting and waived the reading of the minutes.

REVIEW OF DRAFT OF CONTRACT FOR STORAGE AND SERVICES

Mr. Hudtloff turned to a review of the draft of the Contract for Storage and Services, copies of which were provided all Committee members in the interim since the last meeting of the Committee. He indicated that this revision was made for the purpose of eliminating ambiguous and irrelevant material, and he explained that it could not be shortened much more due to the inclusion of standard provisions required by Federal statutes to be included in all such contracts.

The Chairman suggested that the entire Contract be read, paragraph by paragraph, and after each paragraph was read he suggested that a discussion by the group be held so that all members of the Committee would be fully informed on every provision of the Contract.

Mr. Hudtloff read the provisions of the Contract for Storage and Services and the following suggested changes were made by the Committee:

1. Objection was noted to the provisions contained in paragraphs 1, 3, and 7, because they would require the warehouseman to unload and load commodities shipped to and from the warehouse via truck. It was stated that the customary practive is that warehousemen receiving commodities by truck are not required to unload the truck. The unloading operation is required of the trucker and such commodities are delivered to the warehouseman on his truck-loading dock. It was also stated that, when commodities are delivered from a warehouse for loading on truck, the warehouseman is not required to load the truck but merely to deliver the commodity at the tail gate of the truck. In this respect, the warehouseman's responsibilities, according to the customs of the trade, differ from those involving railroad car shipments.

2. With respect to paragraph 2, Schedule of Rates, it was the suggestion of the Committee that the format of paragraph 2, Schedule of Rates, appearing on the proposed Amendment to the Contract for Storage and Services, replace that appearing on the proposed Contract for Storage and Services.

3. The Committee suggested that paragraph 3 should be reworded as follows: "The above handling rates include receiving, unloading, and loading commodities into cars or trucks, and dunnage and bracing, except as follows:" (The provision relating to trucks in this paragraph would be altered as outlined in item 1 above).

4. It was suggested that the word "business" be inserted between the words "normal" and "hours" appearing in line 2 of paragraph 4.

5. Paragraph 7 was the subject of some discussion because of the comments made in item 1 above, and it was suggested that appropriate alterations be made to take care of that objection.

Some discussion was had with respect to whether or not the words "cars per day" appearing in this paragraph should be altered to read "cars or trucks per day", but it was generally agreed that this phrase would not be changed since generally truck loads approximate in size those of railroad cars, and in any event the measure of the outloading

from the warehouse could be computed close enough on a car basis so that no problem would be presented by permitting it to remain as entered on the draft.

6. It was suggested that the headings, "Special Conditions", "Offer Withdrawal - Contract Terminations", and "General Conditions", appearing on pages 2 and 3 of the proposed draft, be eliminated.

7. It was suggested that the word "offer" appearing in paragraph 8 be changed to "contract".

8. The Committee agreed that the treatment of delivery from the warehouse for truck shipments as appearing in paragraph 9 was consonant with trade practices and should remain as is.

9. It was suggested that the word "delivered" appearing in the second line of paragraph 10 be changed to the word "stored".

10. Paragraph 11. It was suggested that the phrase "to protect and preserve" appearing at the end of line 3 and the beginning of line 4 be replaced with the following phrase, "for the care and protection of". Also in the same paragraph, 5th line, the word "protective" should be replaced by the word "care" and the word "preservation" should be replaced by the word "protective." Also in line 7 of the same paragraph the words "and preservation" should be deleted and the words "the care and" should be inserted between the words "to" and "protective".

11. In paragraph 15 the word "offer" appearing in the second line should be changed to the word "contract".

12. Paragraph 17. The word "reasonable" appearing as the first word in line 4 of this paragraph should be replaced by the words "normal business".

These suggested changes to the Contract were concurred in by all and subject to these suggested changes the Contract received the unanimous approval of the Committee. The Department is rephrasing the Contract for Storage and Services to place it in line with the suggestions cited above, with particular attention given to that phrase of the Contract dealing with truck deliveries as related above.

In a general discussion on published tariffs, as to whether or not they should become a part of the Contract for Storage and Services, it was agreed that it would be helpful to the CSS Commodity Offices if the warehouseman would forward a copy of his published tariff with his Contract for Storage and Services for informational purposes, but in no case would the warehouseman's published tariff become a part of the Contract for Storage and Services.

Some discussion was had as to whether or not a provision should be included in the Contract which would enable the warehouseman who

uses expensive handling equipment to be paid for the services of such equipment when used in connection with CCC-owned commodities stored with that warehouseman. It was unanimously agreed that it is impracticable to include an entry in the Contract for Storage and Services covering charges for varying types of special handling equipment. It was agreed that, where a warehouseman contemplates the use of special equipment of a nature requiring a special charge in the handling of CCC-owned stored commodities, such services should be performed only after prior authorization by the Government as provided in paragraph 6 of the Contract for Storage and Services.

A member of the Committee commented that in some instances prior authorization for services performed for commodity inspectors of the Department has been held up in the Department's field office. It was agreed that steps would be taken by the Department to eliminate this difficulty.

During a discussion of the provisions of the Contract for Storage and Services, a question arose in connection with the application of paragraph 7 which provides that Government commodities should be placed only in those buildings listed in the Contract subject to the right of the Government to direct in which warehouse commodities shall be stored. Some members of the warehousing industry have more than one warehouse located in a particular city and it affords those warehousemen greater flexibility in storing commodities if they are free to utilize the space in those buildings to suit their operating needs. It was explained that, if all of the buildings have been approved for the storage of CCC-owned commodities, there would be no objection to the storage of those commodities in any one of the several buildings of the warehouseman so long as the warehouse receipt designated the location of the commodity by building name or number. It was pointed out that the Government reserves the right to designate the buildings described in the Contract in which it requires its commodities to be stored in order to eliminate the possible loss of storage-in-transit privileges which could occur where one or more of the buildings are served by different railroads.

A question was also raised in connection with paragraph 15 of the Contract having to do with insurance on commodities stored for the account of the Government. It was explained that the Government does not require insurance on commodities for its account, but in the event there is coverage the Government will participate in any benefits arising therefrom. It was pointed out that the type of commodities generally stored in refrigerated warehouses are among those on which the Board of Directors, Commodity Credit Corporation, determined that insurance should not be required.

BLANKET BOND

Mr. Dean informed the Committee that the Department has a study under way in Washington on possibilities of CCC obtaining a blanket bond for refrigerated warehousemen. He indicated that there

will be a meeting held soon with the Surety Association of America to see what can be developed. Upon inquiry, Mr. Dean indicated that the Committee would be kept currently advised on the matter.

DATE ON WHICH NEW CONTRACT WILL BE PLACED INTO EFFECT

Mr. Hudtloff indicated that undoubtedly a number of different suggestions will be made on this topic and that he wished to inform the group that, although the Contract has been worked up in conjunction with the Solicitor of the Department, we still must obtain formal approval, and that after the Committee's suggestions have been incorporated in the Contract and formal approval of the Solicitor obtained, it would not be long before the Contract would be made available to the CSS Commodity Offices for use.

It was the unanaimous suggestion of the Committee that the method utilized by our CSS Commodity Offices in placing this new Contract form into effect should be determined on the basis of convenience to those Commodity Offices because of workload factors which are involved.

Mr. Dean stated that the Cincinnati office should keep the Chairman informed of its plans for placing this Contract into effect and that the Chairman in turn would advise the Committee, outlining the plans of the Cincinnati office, so that each Committee member will be able to inform his associates in the matter. The plans of the Portland CSS Commodity Office and the Minneapolis CSS Commodity Office in this regard will also be made known to Committee members by the Chairman. Committee members felt that it would be worthwhile to have advanced copies of the new Contract form after it has been approved so that it could be discussed and explained with warehousemen in their respective areas. Mr. Hudtloff agreed to send an adequate supply to each of the Committee members for this purpose.

AMENDMENT TO CONTRACT FOR STORAGE & SERVICES

The Amendment to the Contract for Storage and Services was read, paragraph by paragraph, and the only suggestion made by the Committee was that referred to earlier in the minutes which proposed that paragraph 2, Schedule of Rates, appearing in this Amendment replace that appearing in the fraft of the Contract for Storage and Services.

REVIEW OF WAREHOUSEMAN'S MANUAL

Mr. Hudtloff indicated that it was also desirable to read the provisions of the Warehouseman's Manual so that each and every paragraph contained therein would be thoroughly understood by all. Mr. Hudtloff mentioned that this Manual was prepared in the light of suggestions and recommendations made at the first meeting of this Committee and that all of the objectionable features heretofore contained in the Warehouseman's Manual have been eliminated.

As it is now prepared, the Warehouseman's Manual contains those items which are of informational value to the warehousemen themselves and other items relating principally to documentation requirements for the shipment, receipt, and vouchering features. He stated that the Manaul was prepared by the Cincinnati CSS Commodity Office since that is the office which is actually involved in the operations described in the Manual.

Mr. Rodwell proceeded to read the Warehouseman's Manual, and the comments and recommendations made by the Committee are as follows:

Contents Page - Format to remain the same with such changes as necessary to conform with the Manual.

Page 2, Paragraph A, General Contract Provisions - Last line middle paragraph insert "should" between "warehouseman" and "contract".

Page 2, Paragraph D, Item 1, Cold and Dry Storage - General - Change to read: "Lots may be block-piled or piled on top of other lots, but it shall be the responsibility of the warehouseman, at no extra charge, to make lots available for inspection, inventory and identification."

Page 3, Paragraph D, Item 2 - delete "If lot card, etc."

Page 3, Paragraph D, Item 4 - delete "card" and insert "record".

Page 4, Paragraph E, Item 1, seventh line - change "shall" to "should".

Page 6, Paragraph H, Item 1, Freezer Storage - Place period after "Manner" in first line. Delete balance of item.

Page 6, Paragraph H, Item 5 - Change to read: "Temperature should be recorded at least daily and a record kept of these readings."

Page 6, Paragraph I, Item 1, Cooler Storage - Place period after "manner" in first line. Delete balance of item.

Page 6, Paragraph I, Item 6 - delete "three times" in third line and change "twice" to "once" in last line.

Page 7, Paragraph J, Item 1, Dry Storage - Place period after "manner" in first line. Delete balance of item.

Page 7, Paragraph K, Evaporated Milk - Insert "in dry storage" between "stored" and "instructions" on first line.

Page 7, Paragraph L, Grading Rooms - This section will be reviewed to insure it being brought up to date with recent letters received from the Inspection Service. This will include changes to show that rooms are desired with at least the indicated standards rather than rooms shall meet the standards. The temperature control will indicate 50° to 70°.

Page 8, Paragraph M, Item 1, Examination of Warehouses and Inspection of Commodities - Fifth line delete "at any reasonable time", insert "during normal business hours."

Page 9, Paragraph N - Change Paragraph N to read:

" N Insect or Rodent Infestation

Frequent inspection should be made by the warehouseman of all areas wherein commodities susceptible to insect or rodent infestation are stored. When such infestation is detected warehouseman shall immediately notify the CSS Commodity Office."

Documentation Section, including special transit pragraph distributed at the meeting, is to be reviewed by the Cincinnati Office and brought up to date but the intent and general format will remain the same.

It was suggested by the Committee and agreed to that the Warehouseman's Manual be made up in loose-leaf form so that the warehouseman can remove sheets and make replacements when necessary.

It was agreed that the Chairman will write members of the Committee inquiring as to the number of Warehouseman's Manuals required by them for distribution and that they would be sent to them direct by the Chairman. This distribution to Committee members would be made notwithstanding the fact that the CSS Commodity Offices in the meantime will be making the regular distribution of these Manuals to warehousemen as required.

VISIT TO CINCINNATI CSS COMMODITY OFFICE

At 3:00 P.M. on September 23, 1954, the meeting was adjourned for the day and the Committee members visited the Cincinnati CSS Commodity Office. During this visit the Committee members were individually introduced to Mr. Banks' staff, and the Chiefs of the Storage Management Division, Program Operations Division, and the Fiscal Division, escorted the Committee members on a tour through their respective Divisions explaining to them the operations of the office.

STORAGE OF FRESH APPLES AND CHEDDAR CHEESE

Mr. W. A. Kopke of the Committee distributed copies of an exchange of correspondence between him and Mr. David B. Stearns of the Milwaukee Cold Storage Company, Milwaukee, Wisconsin, which was composed of two letters, one dated August 5, 1954, addressed by Mr. Stearns to Mr. Kopke, and the other dated September 9, 1954, addressed by Mr. Kopke to Mr. Stearns. The former letter requested that Mr. Kopke place on the agenda at this meeting the question as to whether or not apples and cheese owned by CCC may be stored together. Mr. Stearns indicated that, "This problem has arisen with the Government on at least 3 occasions in the past 4 or 5 years, and each time we have convinced them that apples and cheese are compatible." Mr. Stearns further

maintained that he has been storing these commodities successfully in his warehouse for 4 or 5 years without any bad effect on the Government cheese. He stated that he understood there is a new directive out from Washington at the present time which states that apples and Government cheese cannot be stored in the same room or compartment. He requested that he would like to have this problem clarified.

Mr. Kopke's reply to Mr. Stearns indicated, on the question of storing apples with cheese, that Mr. H. C. Diehl no doubt would answer the Government on this subject, but that in his (Mr. Kopke's) opinion it would not be advisable to store Government cheese, which may be stored for a long period of time, in a high humidity room, such as an apple room.

The question was given to the Committee for discussion and it was the consensus of the group, with special emphasis being placed on the opinion by Mr. H. C. Diehl, that it would not be an approved practice to store Government cheddar cheese in the same room or compartment with fresh apples. The Committee gave unanimous approval to the reply made by Mr. Kopke to Mr. Stearns.

Mr. Dean requested that these letters be made a matter of record for the minutes of the meeting and for that purpose they are attached hereto and made a part of these minutes.

LETTER DATED SEPTEMBER 15, 1954, ADDRESSED TO THE SECRETARY OF AGRICULTURE, THE HONORABLE EZRA TAFT BENSON, BY MR. WILLIAM DALTON, EXECUTIVE VICE PRESIDENT OF THE NATIONAL ASSOCIATION OF REFRIGERATED WAREHOUSES, INC.

Mr. Hudtloff presented and read a letter addressed to the Secretary of Agriculture by Mr. William Dalton concerning the responsibility of safeguarding America's strategic food supplies in case of a national emergency. The subject matter of the letter was discussed, and Mr. Dean indicated the seriousness of the problem and recognized that it not only applied to cold storage warehousemen but also to others, and that a solution to the problem would require a lot of planning and study at both the Washington level and at the field level. Mr. Dean indicated that the letter was being given consideration by the Department in Washington and that a reply to it will be made soon.

Each member of the Committee was furnished a copy of the letter for further study. A copy is also being attached to these minutes and made a part hereof.

GEOGRAPHICAL DISTRIBUTION OF CCC-OWNED COMMODITIES IN STORAGE

Each member of the Committee had been afforded a tabulation of statistics on butter and cheese showing the assumed annual consumption, compared with 1953 production, and CCC stocks on hand as of July 14, 1954.

It was the purpose of this tabulation to acquaint Committee members with the storage location of CCC-owned butter and cheese in relation to the areas of production and consumption. The statistics disclosed that in some areas greater quantities are held in storage than would be normally consumed in those areas while in other areas stored quantities are much less than those normally consumed in those areas. Questions were raised by Committee members as to the distribution of stored commodities in relation to the production and consumption figures, and Mr. Dean stated that the policy on the allocation of commodities to storage by geographical areas will be re-examined with a view toward effecting an over-all adjustment in the distribution of CCC-owned stored commodities.

Further in connection with the prospects of the future storage program of butter and cheese, Mr. Dean read to the Committee Press Release USDA 2348-54, dated September 14, 1954, entitled "USDA Reports Continued Decline in Dairy Price Support Purchases During August." A copy of this Press Release is attached hereto and made a part of the minutes of this meeting.

AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

Copies of the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 83rd Congress, 2nd Session, were distributed to Committee members. Mr. Dean sketched the purpose and method by which Public Law 480 would be administered, pointing out that Title I authorized the President to negotiate and carry out agreements with organizations of friendly nations to provide for the sale of surplus agricultural commodities for foreign currency, and that Title II enables the President to furnish emergency assistance on behalf of the prople of the United States to friendly peoples in meeting famine or other urgent relief requirements.

The money made available under Title I is $700,000,000 and that made available under Title II is $300,000,000.

Mr. Dean pointed out that the implementation of Public Law 480 would undoubtedly bring about a substantial reduction in CCC inventories of butter and cheese and that this would soon be reflected in refrigerated warehouse holdings of these commodities.

Mr. Dean requested refrigerated warehousemen to cooperate fully with the Government at the time requests are made for the outloading of these commodities from warehouses to meet export delivery schedules.

Mr. Dean cited as an illustration of the volume of commodities to be disposed of under this program the fact that one foreign relief agency had furnished the Department with a firm order for 2,175,000 pounds of butter for delivery during the month of October this year. He stated that the program of disposition was in the formative stage and that he hoped to be able, at future meetings of the Committee, to give a report of future disposal schedules under this program.

Mr. Dean further cautioned members that they should be aware of the fact that if and when these programs begin to move the Department is going to be more selective in approving warehouses -- not only cold storage facilities, but all warehouses in general.

TIME OF NEXT MEETING

The time of the next meeting of this Committee has been tentatively set for the month of January 1955. While no actual date has been set, it was proposed that it be held on January 17 and 18 in Chicago at the Edgewater Beach Hotel following The Refrigeration Research Foundation Training Conference which is held in conjunction with the NARW.

CLOSING REMARKS

Mr. Dean, on behalf of the Department representatives and the Committee members, expressed his regret that Mr. Eells and Mr. Herschman were unable to attend this meeting and expressed the hope that they would soon be fully recovered from their illnesses and be able to attend the coming meeting in January.

Mr. Hudtloff expressed his appreciation for the fine cooperation shown by the Cincinnati CSS Commodity Office in arranging space and facilities for the meeting, and he thanked each and every member attending this meeting for coming to the meeting and contributing so much to the discussions.

MINUTES OF THIRD MEETING OF THE USDA COLD STORAGE INDUSTRY ADVISORY COMMITTEE HELD ON JANUARY 17-18, 1955, AT THE HOTEL COMMODORE, NEW YORK CITY

USDA Representatives Present:

Washington:

Mr. John H. Dean
Mr. M. J. Hudtloff
Mr. B. S. Soleau

Cincinnati:

Mr. Harley E. Banks
Mr. C. R. Rodwell

Members Present:

Mr. Fred F. Alford, President
Alford Refrigerated Warehouses
Post Office Box 5088
Dallas, Texas

Mr. H. C. Diehl, Director
The Refrigeration Research Foundation
200 Midland Building
Colorado Springs, Colorado

Mr. Charles E. Eells, Vice President
The Manhattan Refrigerating Company
525 West Street
New York 14, New York

Mr. E. G. Erickson, Vice President
Central Cold Storage Company
350 North Dearborn Street
Chicago, Illinois

Mr. Herbert Farnsworth, President
Quincy Market Cold Storage and
Warehouse Company
178 Atlantic Avenue
Boston, Massachusetts

Mr. W. F. Henningsen, President
Northwestern Ice and Cold Storage Company
68 S. E. Washington Street
Portland 14, Oregon

Mr. Harry C. Herschman
Chairman of the Board
Terminal Warehouses of St. Joseph, Inc.
Packers Avenue
South St. Joseph, Missouri

Mr. W. A. Kopke, General Manager
Chicago Cold Storage
1526 South State Street
Chicago 5, Illinois

Mr. John E. Moore, Vice President
Merchants Refrigerating Company
17 Varick Street
New York 13, New York

Mr. J. R. Shoemaker, President
Hygeia Refrigerating Company
100-110 Ferris Street
Post Office Box 207
Elmira, New York

Mr. Clyde E. Simmon
Vice President and General Manager
Big 4 Ice and Cold Storage
Oklahoma City 4, Oklahoma

Mr. Gilbert J. Stecker, President
Merchants Ice and Cold Storage
Company, Inc.
217 East Main Street
Louisville, Kentucky

Mr. J. K. Robinson, Vice President
Shenandoah Valley Apple Cider &
Vinegar Corporation
Post Office Box 435
Winchester, Virginia

Mr. M. W. Young
Vice President and General Manager
National Ice and Cold Storage
Company of California
55 Division Street
San Francisco 3, California

MINUTES OF THIRD MEETING OF THE
USDA COLD STORAGE INDUSTRY ADVISORY COMMITTEE
HELD ON JANUARY 17-18, 1955, AT THE HOTEL COMMODORE, NEW YORK CITY

The meeting was opened by Mr. M. J. Hudtloff, Chairman, who welcomed Mr. J. K. Robinson, who was in attendance at his first meeting of the Committee, and he also welcomed back two members who were unable, due to illness, to attend the second meeting, namely Mr. Charles E. Eells and Mr. Harry C. Herschman.

Mr. Hudtloff then invited Mr. John H. Dean, Assistant Deputy Administrator, Price Support, to make some opening remarks. Mr. Dean outlined to the Committee the volume of disposals of CCC-owned commodities under programs authorized by Title I and Title II of Public Law 480 (Agricultural Trade Development and Assistance Act). He pointed out that disposals under Public Law 480 were preponderantly grain and grain products rather than dairy products. He discussed in considerable detail the cumulative purchases and uses under the dairy price support operation through December and the estimated quantities on hand December 31, 1954. He indicated that disposals under Section 32 programs and 416 programs will undoubtedly show an increase in future months.

Mr. Dean discussed in some detail the recent program for the disposal of dried milk for feed and indicated that programs for the continuing disposal of dried milk held by CCC will continue. He discussed the announced offers of butter for export and the quantity of 10 million pounds of Commodity Credit Corporation owned butter for sale on a competitive bid basis. He pointed out that this program was established to provide butter at prices which commercial buyers for export can pay to move this surplus butter into world markets. Mr. Dean stated that on Friday, January 14, 1955, the Department announced the 1955 dairy price support program at 75 percent of parity, effective April 1, 1955. He further pointed out that the Department needed the suggestions and recommendations of the Advisory Committee on the question of allocating cold storage commodities to warehouses.

READING OF MINUTES OF THE LAST MEETING

By unanimous consent the Committee approved the minutes of the last meeting and waived the reading of the minutes.

CONTRACT FOR STORAGE AND SERVICES - COMMODITY CREDIT CORPORATION FORM 30

Mr. Hudtloff read the Solicitor's opinion dealing with the approval of the new Contract for Storage and Services, Commodity Credit Corporation Form 30. He explained the requirement that on any replacement of Offers to Store, Form TW-102(Cold), that the provisions contained in the latter form with respect to overtime services would be in effect for 120 days subsequent to the date of the new contract form, replacing the Offer to Store, TW-102(Cold). The question was brought up as to the interpretation of the "Letter of Attachment to Contract for Storage and Services," Form CT-195b, which was issued by the Cincinnati CSS Commodity Office to those warehousemen replacing the old contract form with the new contract form.

It was pointed out that the wording in this Letter of Attachment not only required that the overtime rates would apply for 120 days on those commodities stored under the old contract form, but such restriction as to the overtime services would apply to the new contract form also for 120 days.

After discussion, it was unanimously agreed by Committee members that, since overtime on the part of warehousemen is such a rare occurrence in the cold storage program, the provision contained in the Letter of Attachment should remain "as is" and thus eliminate considerable administrative work on the part of the Cincinnati CSS Commodity Office in making revisions to that Letter.

Mr. Millard Young furnished the Chairman with a copy of a letter, addressed by the Portland CSS Commodity Office, which indicated that cheese should be stored at a relative humidity range of 65-70 percent. This range of relative humidity is at variance with the range of 65-75 percent appearing in the new Contract for Storage and Services. It was explained by the Chairman that the requirement of the Portland office was undoubtedly made inadvertently, and since the 65-75 percent relative humidity was unanimously agreed upon as being the range at which cheese should be stored, it was agreed that a letter would be addressed to the Portland CSS Commodity Office calling this matter to its attention and that Mr. Young would be advised of the action taken.

The Chairman requested representatives of the Cincinnati CSS Commodity Office to advise the Committee on the status of the program to change-over storage agreements to the new contract form, Commodity Credit Corporation Form 30.

Mr. Rodwell read the letter of January 6, 1955, addressed "To Cold Storage Warehousemen," as prepared by the Cincinnati CSS Commodity Office, which dealt with the replacing of the old storage contracts. Mr. Shoemaker raised a question concerning the application of the language contained in the third paragraph of this letter. He indicated that there were some warehousemen in upper New York State who had difficulty in applying the provisions contained in the third paragraph of this letter to their particular situation on rates and published tariffs.

Mr. Shoemaker requested that the second sentence of that paragraph be clarified, since it dealt with contract storage rates which made the interpretation of the letter difficult.

After discussion, it was agreed that the Cincinnati CSS Commodity Office would rewrite the letter "To Cold Storage Warehousemen." This rewrite will provide that the old contract may be replaced with the new contract so long as the rates for storage and handling and other services are not increased in the new contract. In the event a warehouseman wishes to increase his rates at the time of change-over from the old contract to the new contract, negotiations must be made with the Cincinnati CSS Commodity Office independently of the matter of replacing storage contracts.

Mr. Hudtloff summarized the conclusions arrived at in the morning session with respect to the letter "To Cold Storage Warehousemen," as prepared by the Cincinnati office. This letter will be revised to request warehousemen to make renewals of contracts at no higher than the rates contained in the old contract -- if rates are changed, commodities stored under the old contract will remain in storage at the old rate for the 120-day period.

WAREHOUSEMAN'S MANUAL

Mr. Hudtloff indicated that each Committee member had been furnished with two leather-bound copies of the Warehouseman's Manual and that the Cincinnati CSS Commodity Office would handle all other distribution of these Manuals. It was the unanimous agreement of the Committee that the Manual is suitable, useful, and in full accord with the Committee's suggestions made in prior Advisory Committee meetings.

The Committee discussed a letter addressed to a warehouseman by the Portland CSS Commodity Office which dealt with the facilities for the inspection of butter and cheese. It appeared that the letter from the Portland CSS Commodity Office contained standards for the inspection of butter and cheese which applied before the revision in the Warehouseman's Manual. The Manual was released and published shortly after November 2, 1954, the date of the Portland CSS Commodity Office letter.

It was agreed that CSS would follow up with Portland and advise the warehouseman of the action taken. The instructions contained in the Warehouseman's Manual with respect to the facilities for inspection of butter and cheese are the current policy, and if such instructions are followed, all requirements will be met.

Some comments were made with respect to the word "inventory" appearing on page 1 of the Warehouseman's Manual, citing the problems involved in the event warehousemen are required to comply with the provision that commodities will be moved at the warehouseman's expense to facilitate the taking of inventory by the Department of Agriculture representatives. It was pointed out that this matter had been gone into fully at the meeting in Cincinnati and it was the agreement of the Committee that the warehouseman would be responsible for making lots available for inventory purposes.

Comments were also made on the percentage of relative humidity at which CCC-owned cheese should be stored. It was brought out that a relative humidity as low as 55 percent for a very short period of time would not be damaging to the cheese, but that warehousemen should store cheese at the relative humidity set forth in the Contract for Storage and Services, which is 65 to 75 percent.

Mr. Rodwell stated that the Cincinnati CSS Commodity Office has sent copies of the Warehouseman's Manual to each warehouseman with whom that office had a contract and suggested that upon request warehousemen could obtain additional copies. A record is maintained in the Cincinnati office of the names of warehousemen and other individuals who have been given copies of the Warehouseman's Manual so that should amendments to the provisions of this Manual become necessary, all who are on this list would receive the amendments. Mr. Rodwell further stated that the provisions of the Warehouseman's Manual have been discussed with the warehouse examiners.

PROPOSED BLANKET BOND

Mr. Hudtloff gave a resume of past negotiations with The Surety Association of America and the Association of Casualty and Surety Companies and reported to Committee members the status of current negotiations with the latter Association. The negotiations with the Association of Casualty and Surety Companies have not been completed and will be continued. The Advisory Committee members will be kept informed on the status of the proposed blanket bond.

DISCUSSION OF FACILITIES FOR INSPECTION OF BUTTER, CHEESE, ETC.

Mr. Hudtloff read the provisions contained in the Warehouseman's Manual on this subject. The problem, referred to earlier in these minutes, was again discussed, and in an effort to resolve this problem, Mr. Dean indicated that the Portland office would be contacted.

FREQUENCY OF WAREHOUSE EXAMINATIONS

Mr. Hudtloff discussed and outlined the current regulations covering frequency of warehouse examinations, the frequency of commodity inspections, and the form of taking inventory annually by warehouse examiners. He gave the Committee a resume of the policy of the Department for the last ten years on warehouse examinations. He pointed out that ten years ago emphasis was placed upon frequency of warehouse examinations, which at that time was once every 60 days, and in recent years this frequency was changed to once every 90 days. The frequency of warehouse examinations in the last few years has been reduced because of the increase in the frequency of commodity inspections.

Mr. Hudtloff read the pertinent provisions contained in CSS Instructions 621(TW)-1, 621(TW)-1, Aux-3, and 631(TW)-2. Mr. Rodwell outlined to the group the steps taken by warehouse examiners in their visits to warehouses on subsequent examinations and informed the Committee members of the instructions given to the warehouse examiners by the CSS Commodity Offices which are used by the examiners as guidelines.

Some Committee members stated that warehouse examiners should advise the executives of the company what they find and report on. This was cited with a view toward having the warehouse examiners assist them in bringing to their attention any management improvements or other matters which would benefit the warehouse executive in his management of the firm. It was generally agreed by the Committee that that was not a function of the warehouse examiners, but that it was a responsibility of the warehouse executive to determine that the managers of their plants report factually to the executives on matters in those plants. At the close of this session Mr. Dean posed this question for the thinking of the Committee members prior to the morning session, "Is there any necessity for Government warehouse examiners to visit cold storage warehouses as often as they do?" This topic was to be continued at the morning session, January 18, 1955.

Mr. Farnsworth suggested the reduction of warehouse examinations to two a year instead of four. Mr. Shoemaker set forth that the Government should hold warehouseman as a "Bailee for hire," and on the basis of such responsibility, reduce warehouse examinations. Mr. Alford, at this point, brought up the proposition of placing all deposits made by CCC in one warehouse in one lot, citing as an example his operation in connection with the storage of spinach. It was pointed out that, in certain States, laws require lot identity in cold storage warehouses, and that from the standpoint of record maintenance, prevention of spoilage, etc., the Government could not accept this method of maintaining its lots in storage. The suggestion made by Mr. Alford was not generally acceptable to the Committee membership. In discussion as to the need for frequent examinations, Mr. Rodwell advised that after a spot-check of warehouse examiners reports on cold storage plants, 62 percent of the reports showed that some corrections were necessary in the storage practices. Since it was not stated whether these were major or minor corrections, an analysis would have to be made of these statistics before they could be offered for consideration in the discussions on the frequency of warehouse examinations.

Mr. Moore suggested that perhaps the Department is sacrificing quality for quantity in having examinations every 90 days, and perhaps if warehouse examiners were more thorough in their examinations of cold storage plants, that the frequency could be reduced to four months instead of every two months. At this point Mr. Farnsworth indicated that any conscientious examination of any warehouse at any time would develop some matter for correction. This was generally agreed to by all members.

It was suggested by Mr. Dean that the Cincinnati CSS Commodity Office develop material for the next meeting of the Advisory Committee which would show an analysis and examples of what examiners found in each warehouse examination after a percentage spot-check is made of the examiners' reports so that proper evaluation could be given to this matter. Mr. Shoemaker observed that we should get this information out before the next meeting so that the Committee members could discuss the problem with their Chapter members. Mr. Stecker suggested a minimum of two examinations a year with the Director of the CSS Commodity Office exercising his judgment as to more frequent examinations, depending upon the facility concerned, that is, whether it is a facility maintaining good housekeeping practices or one which does not. Mr. Dean suggested that the CSS Commodity Offices add greater stress to the quality of the examination, notwithstanding they make them at a frequency of 90 days. Mr. Shoemaker pointed out that a warehouse examiner who conducts a cursory examination of a cold storage facility sets a bad example for the warehouseman's own employees, since the latter feels that if the owner's representatives are not more interested in the commodity than is demonstrated by their cursory check, the warehouseman's employees ask themselves, "Why should we be more interested than they?"

Mr. Hudtloff concluded this topic by requesting that the Cincinnati office develop data, as suggested by Mr. Dean, and send it to members of the Committee. This data is to outline the deficiencies found in warehouses examined and will be discussed at the next meeting.

MINUTES OF THE FOURTH MEETING OF THE USDA COLD STORAGE INDUSTRY ADVISORY COMMITTEE HELD ON MARCH 10-11, 1955, AT THE CONRAD HILTON HOTEL, CHICAGO, ILLINOIS

USDA Representatives Present:

Washington:

John H. Dean
M. J. Hudtloff
B. S. Soleau

Cincinnati:

Harley E. Banks
C. R. Rodwell
J. R. Idol

Committee Members Present:

Fred F. Alford
Vallee O. Appel (Substituting for W. A. Kopke)
E. G. Erickson
Herbert Farnsworth
Harry C. Herschman
John E. Moore
Garth A. Shoemaker (Substituting for J. R. Shoemaker)
Clyde E. Simmon
Gilbert J. Stecker
Joseph B. White (Substituting for Charles E. Eells)
Millard W. Young

Committee Members Not Present:

H. C. Diehl
W. F. Henningsen, Sr.
J. K. Robinson

MINUTES OF THE FOURTH MEETING OF THE
USDA COLD STORAGE INDUSTRY ADVISORY COMMITTEE
HELD ON MARCH 10-11, 1955, AT THE
CONRAD HILTON HOTEL, CHICAGO, ILLINOIS

The meeting was opened by Mr. M. J. Hudtloff, who stated that word had been received from Mr. Robinson, Mr. Henningsen, and Mr. Diehl that each of them would be unable to attend this fourth meeting of the Committee. A welcome was extended to Mr. Garth A. Shoemaker, who represented Mr. J. R. Shoemaker; Mr. V. O. Appel, who represented Mr. W. A. Kopke; and Mr. Joseph B. White, who represented Mr. Charles E. Eells.

The Committee membership approved that portion of the minutes of the third meeting which had been published and sent to each of the members. Mr. Dean pointed out that the balance of those minutes dealing with the geographical distribution of commodities was not published and sent to the membership because it was felt desirable to permit the group to express their thoughts on whether or not a verbatim report was necessary and desirable. The details of the discussion on this subject were then read to Committee members and appropriate corrections made. Upon suggestion by a Committee member, however, it was agreed unanimously that the portion of the minutes covering the discussion on the geographical distribution of commodities should not be published in detail as read, but that the Secretary should summarize the conclusions drawn in this discussion and publish them as the final portion of the minutes of the third meeting of this Committee, subject to approval at the next Committee meeting. This summarization, for inclusion in the minutes of the third meeting, appears at the end of these minutes.

DISCUSSION OF GEOGRAPHICAL DISTRIBUTION OF COMMODITIES IN STORAGE

Mr. Dean opened the discussion on this subject by inviting wide participation, commenting that, while this is a knotty problem, steps toward its solution could be made if all concerned would give the matter their best thinking. For the purpose of permitting a free exchange of ideas, it was agreed that the minutes would not report the discussion in detail, but that only conclusions would be set forth in the minutes. He pointed out that it was the endeavor of this Committee to lay out a policy for Cincinnati to use as a guide in the allocation of commodities to cold storage warehouses, and that it was

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the hope of all present that at the conclusion of this meeting such a guide will have been developed.

Discussion then turned to the material furnished each Committee member on tables entitled as follows:

1. Total U. S. cold storage stocks of butter on September 1, by regions, 1930-1954.

2. Total cold storage stocks of butter in each region as a percent of the U. S. total on September 1, 1930-1954.

3. CCC contracts entered into during specified periods for printing and canning butter and for processing butter into butter oil, by location of facility.

4. Purchases April 1, 1954 through February 11, 1955 of butter and cheese.

5. Report of CCC-owned cheese in store Northeastern Region and Southwestern Region -- warehouses were designated by number and the quantity of CCC-owned cheese stored in each warehouse was related by a percentage figure to the total CCC-owned cheese stored in the entire region.

6. Report of CCC-owned butter in store Northeastern Region and Southwestern Region -- warehouses were designated by number and the quantity of CCC-owned butter stored in each warehouse was related by a percentage figure to the total CCC-owned butter stored in the entire region.

The first two charts, having to do with the total storage of butter by weights and percentages, were highly informative and the subject of some discussion. The third table, dealing with CCC contracts for the printing, canning, and processing of butter, was also reviewed with great interest, since to most persons present it was revealing that CCC's contracts were distributed among firms in 16 States of the Union. As a result of the discussion on this subject, the Secretary was requested to send a sample copy of the contract for printing and processing butter, etc., and amendments, also copies of the press releases setting forth the names of successful bidders, to all Committee members. It was felt that this would give each member a better understanding of this operation.

A review was then made of the data appearing on the fourth table dealing with purchases of butter and cheese in the northeastern and southwestern regions.

A general discussion took place with respect to the many factors contributing to a final decision in the allocation of commodities to a particular cold storage warehouse. Among the factors discussed were the quantity of commodities already stored in a warehouse, the rates for storage and handling, the ability of the warehouseman to load the commodity in and out, etc.

The discussion then turned to the proposed policy on the "Allocation of Commodities to Cold Storage," copies of which had been furnished to Committee members. After considerable discussion it was unanimously agreed that this policy should be rewritten as follows:

"ALLOCATION OF COMMODITIES TO COLD STORAGE

"With the recent transfer of processed commodity activities from the Minneapolis CSS Commodity Office to the Cincinnati CSS Commodity Office, the latter office now has under its direct responsibility the storage program for a 41-State area.

"This centralization of storage responsibility eliminates the need for the coordination of inter-area storage movements at the Washington level and places the operation of the entire processed commodity storage program, for all but 7 States of the Nation, within the one office. Thus greater flexibility is afforded in the geographical distribution of commodities to storage, and the Cincinnati office is enabled to conduct its storage program with wider distribution in the facilities offered by the storage industry.

"On the basis of this centralized means for carrying out the storage program for processed commodities, our future operations with respect to the placement of commodities in storage will be conducted in the main as follows, taking into consideration the cardinal element of program cost.

"When storage is required, the Cincinnati office will review the list of warehouses which have available space. The following factors will be given consideration in making the actual selection of the warehouse to receive the commodity:

1. The storage rates, including in and out handling rates.

2. The transportation cost from the point of production or acquisition to the storage location.

3. Storage-in-transit benefits which are available.

4. The ability of the warehouseman to load commodities in and out of his warehouse.

5. The quantity of CCC-owned commodities now in store with the particular warehouse being considered, and, in addition, the space reported as available for CCC-owned commodities in that warehouse.

6. Whether the commodity will go for export or will be used for domestic use.

7. The normal pattern of trade channels for the particular commodity, giving consideration to normal marketing centers, etc.

"All warehousemen desiring to do business with the Cincinnati CSS Commodity Office have been requested to make known the availability of space in their warehouses on the 1st and 15th of each month. The Cincinnati office generally will not contact any warehouse for the storage of its commodities unless storage availability information is currently furnished.

"Since circumstances in a particular situation must always dictate the weight to be given the above-cited factors, it will be necessary, of course, to exercise sound judgment in allocating commodities to storage so that the best interests of the Government are served."

It was agreed that the Cincinnati CSS Commodity Office would follow this policy and apply the standards and factors contained therein in all future allocations of commodities to cold storage. It was also agreed that the Cincinnati office would, at the next meeting, make a full report to the Committee on its experience in the application of this policy.

A question was again raised in connection with the allocation of stored commodities for Section 32 and National School Lunch outlets. It was pointed out by a Committee member that frequently his firm will get one or two cars of butter at a time and they are held in his house less than a month when they are outloaded. He felt that, as he stated in the past, some plans should be made whereby Section 32 and National School Lunch commodities will be stored on a quarterly basis in the area in which they ultimately will be consumed. This, in effect, would help to distribute stored commodities in cold storage warehouses to areas other than those in which the commodities have been acquired or produced.

Mr. Dean stated that the Department representatives would undertake to make arrangements with the Food Distribution representatives so that Section 32 commodities and National School Lunch commodities would be dispersed to areas of consumption as soon as plans for distribution to those areas have been made.

Mr. Dean suggested that Committee members, as opportunities present themselves, visit the Cincinnati office to review the method of allocation of commodities to storage.

MISCELLANEOUS

The Committee discussed and reviewed the types of deficiencies in cold storage warehouses as reported by Cincinnati office warehouse examiners.

Mr. Dean again brought to the attention of the Committee that successful steps are being taken by the Department to dispose of its dairy product holdings, and for this reason the emphasis in the storage program will be undoubtedly on outbound movements rather than on inbound movements to storage. In this connection, Mr. Dean requested that all members of the Committee be placed on the mailing list to receive the monthly report entitled, "Disposition Commitments of CCC Commodities," which is prepared and distributed by the Price Division, CSS.

Mr. Dean also requested that a copy of House Document No. 57, 84th Congress, 1st Session, entitled, "A Study of Alternative Methods for Controlling Farm Milk Production and Supporting Prices to Farmers for Milk and Butterfat," be sent to each Committee member.

DISCUSSION OF FUTURE FREQUENCY OF COMMITTEE MEETINGS

Mr. Dean indicated that he knew of no pressing problem of the industry at present and suggested that the Committee consider a meeting within the next 6 or 7 months. It was suggested further by Committee members that the meeting take place on the West Coast, preferably San Francisco, and that at such a meeting the Portland CSS Commodity Office will be invited to attend. After some discussion it was generally agreed that the next meeting will be scheduled for sometime in October 1955. It was agreed that the items for the agenda would be sent out prior to the meeting and leave it pretty much up to the Committee members as to whether or not a meeting would necessarily be held. It was further agreed that San Francisco would be the place of the next meeting.

Mr. Hudtloff indicated to the group that he will no longer serve as Chairman of this Committee because of the realignment of functions within the Commodity Stabilization Service.

* * * * *

Following are the minutes of that portion of the third meeting dealing with Item 7, Discussion of Geographical Distribution of Commodities in Storage, heretofore unreported:

> "Considerable discussion was had on the subject of allocation of commodities to cold storage warehouses. This discussion covered the many factors applicable to this function. It was generally agreed that the Government must, in all cases, give primary consideration to the factor of cost in allocating commodities

to cold storage warehouses. It was further agreed that this topic should be given broader consideration at a meeting to be held in Chicago March 10 and 11. Industry members of the Committee were requested to devote some study and time to recommendations to be made at this March meeting. It was hoped that at this meeting a policy which would be fair and equitable to cold storage warehousemen and at the same time serve the best interests of the Government could be developed."

MINUTES OF THE FIFTH MEETING OF THE USDA COLD STORAGE INDUSTRY ADVISORY COMMITTEE HELD ON APRIL 7, 1956 AT THE STATLER HOTEL, LOS ANGELES, CALIFORNIA

USDA Representatives Present:

ashington:

Don S. Anderson
Cecil M. Deaver

Cincinnati:

Harley E. Banks

Portland:

John C. Ebert

Committee Members Present:

W. C. Stevens (Substituting for Fred F. Alford)
L. A. Kopke
Richard Downcaster (Substituting for J.R.Shoemaker)
Herbert Farnsworth
John E. Moore
Clyde E. Simmon
Gilbert J. Stecker
Willard M. Young

Committee Members Not Present:

H. C. Diehl
. F. Henningsen, Sr.
J. K. Robinson
Joseph B. hite
E. G. Erickson
Harry C. Herschman

Visitors Present:

Robert L. Olson (Guest of L. A. Kopke)

MINUTES OF THE FIFTH MEETING OF THE
USDA COLD STORAGE INDUSTRY ADVISORY COMMITTEE
HELD ON APRIL 7, 1956, AT THE STATLER HOTEL, LOS ANGELES, CALIFORNIA

The meeting was opened by Mr. Don S. Anderson, Chairman, who welcomed Mr. V. C. Stevens who represented Mr. Fred F. Alford; and Mr. Richard Downcaster, who represented Mr. J. R. Shoemaker. He also stated that word had been received from Mr. H. C. Diehl, Mr. Joseph B. White, Mr. E. C. Erickson, Mr. [illegible]. F. Henningsen, Mr. Harry C. Herschman, and Mr. J. K. Robinson that they would be unable to attend this fifth meeting of the Committee.

READING OF MINUTES OF THE LAST MEETING

By unanimous consent the Committee approved the minutes of the last meeting and waived the reading of the minutes.

RECOMMENDED CHANGES TO WAREHOUSEMAN'S MANUAL

Mr. Anderson suggested that the topic of recommended changes to Warehouseman's Manual scheduled for the afternoon session according to the agenda, be the first topic for discussion since this matter would probably absorb more time than the other topics on the agenda. This was unanimously agreed upon and the first item that created considerable interest was the matter of each warehouseman reporting periodically his storage space availability to the CSS Commodity Office which has jurisdiction over his storage contract. Since this reporting plan is something new to warehousemen, it was pointed out by Mr. Gilbert Stecker that it was conceivable that some warehouseman might inadvertently fail to submit such a report, or his report could possibly be misrouted

or misplaced in the mail, thereby possibly causing the warehouse to lose potential business. After considerable discussion along these lines, Mr. Harley E. Banks, Director of the Cincinnati CSS Commodity Office, stated that he would initiate the policy in his office of notifying any warehouse that fails to report, or if the Commodity Office fails to receive a report due during the second report period. This policy, it was agreed, would eliminate the possibility of any warehouseman being overlooked when allocating CCC commodities to storage. This plan was also concurred in by Mr. John C. Ebert, representing Mr. Earl C. Corey, Director of the Portland CSS Commodity Office. Mr. Stevens of the Alford Refrigerated Warehouse in Dallas,Texas, requested that the Warehouseman's Manual spell out the commodities covered by the manual more clearly. The present Warehouseman's Manual states: "A Manual for Warehousemen Storing Bulk Oils,Fresh and Processed Commodities Owned by CCC or USDA." It was generally felt that if the inside cover contain the commodities covered by the Warehouseman's Manual and a notation where similar instructions are available for commodities not covered by the manual, it would be very valuable information to the warehouseman. Mr. Anderson instructed the secretary to take action for the inclusion of this information in the next issue of the Warehouseman's Manual. At this point Mr. Anderson requested that the Committee withhold further discussion relative to the remaining recommended changes since each committee member, absent from this meeting, had been requested to submit his comments, and at a later date when all comments are received, they will be given every consideration.

It was also recommended and approved that paragraph J3 "Dry Storage" contain the notation: "Subject to provisions of D1 page 1." This will be in the next issue of the Warehouseman's Manual.

Several members of the committee indicated their desire to receive the report entitled "Purchases by States." The secretary is arranging for this report to be forwarded to each committee member immediately following publication.

OPERATIONS OF OUR NEW POLICY IN ALLOCATING COMMODITIES TO COLD STORAGE

Mr. Banks gave a resume of C.C.C.'s experience over the past year in applying the seven (7) factors prescribed by the Committee for allocating to storage. He explained that in making storage allocations, the Cincinnati CSS Commodity Office will consider the cardinal element of program cost and give consideration to the following factors in making the actual selection of the warehouse to receive the commodity. The factors are:

1. The storage rates, including in and out handling rates. (This includes all forms of contract charges, such as carloading, dunnage and bracing, etc.)

2. The transportation cost from the point of production or acquisition to the storage location.

3. Storage-in-transit benefits which are available.

4. The ability of the warehouseman to load commodities in and out of his warehouse.

5. The quantity of CCC-owned commodities now in store with the particular warehouse being considered, and, in addition, the space reported as available for CCC-owned commodities in that warehouse.

6. Whether the commodity will go for export or will be used for domestic use.

7. The normal pattern of trade channels for the particular commodity, giving consideration to normal marketing center, etc.

Mr. Banks further stated that he thought by taking all above factors into consideration together with that important element of good judgment, a good over-all storage program has resulted. This was generally concurred in by all present.

PLANS FOR ANY FUTURE MEETING

It was the consensus of members that no definite plans should be made at this time for the next meeting. It was also agreed that problems that may arise in the future would be the dictating factor in calling the next meeting. The meeting adjourned at 2:00 P. M. (Pacific Time).